

TOWNSHIP OF WILSON
CHAREVOIX COUNTY, MICHIGAN

FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <i>Wilson</i>	County <i>Charlevoix</i>
Audit Date <i>3/13/04</i>	Opinion Date <i>8/16/04</i>	Date Accountant Report Submitted to State: <i>9/29/04</i>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government issued by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

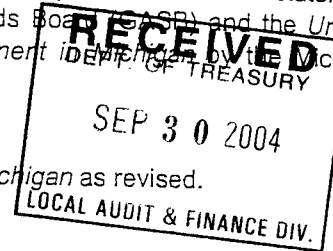
You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <i>Barry E. Gaudette, CPA, PC</i>			
Street Address <i>1107 E. 8th St.</i>	City <i>Traverse City</i>	State <i>MI</i>	ZIP <i>49686</i>
Accountant Signature <i>Barry E. Gaudette, CPA</i>			



TOWNSHIP OF WILSON
TABLE OF CONTENTS
March 31, 2004

	<u>Page</u>
Organization	1
Independent Auditor's Report	2-3
General Purpose Financial Statements:	
Combined Balance Sheets - All Fund Types and Account Groups	4
Combined Statements of Revenues, Expenditures and Changes in Fund Balance - All Governmental Fund Types	5
Combined Statements of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General, Special Revenue and Debt Service Funds	6
Notes to Financial Statements	7-21
Supplementary Data:	
Combining Balance Sheets - All Special Revenue Funds	22
Combining Statements of Revenues, Expenditures and Changes in Fund Balance - All Special Revenue Funds	23
Statement of Changes in Assets and Liabilities - Agency Fund: Tax Collection Fund	24
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:	
General Fund	25-29
Liquor Control Commission Fund	30
Road Fund	31
Fire and Ambulance Fund	32
Comments and Recommendations	33

INTRODUCTORY SECTION

TOWNSHIP OF WILSON

ORGANIZATION

MARCH 31, 2004

=====

TOWNSHIP BOARD MEMBERS

Todd Sorenson	Supervisor
Shirley Crozier	Clerk
Kerri Reinhardt	Treasurer
Jon Jasinski	Trustee
Jeff Argetsinger	Trustee

Members of the Township Board
Township of Wilson
Charlevoix County, Michigan

Independent Auditor's Report

We have audited the accompanying financial statements of the Township of Wilson, Michigan, as of March 31, 2004, and for the year then ended as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Since it was not practical to extend our auditing procedures into the prior unaudited year, we are unable to express an opinion on the consistency of application of accounting principles with the preceding year.

In our opinion, except for the omission of the information mentioned in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Township of Wilson, Michigan, as of March 31, 2004, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Township of Wilson
Independent Auditor's Report
Page Two

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental financial data listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Township of Wilson. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Barry E. Fawcett, CPA, PC

August 16, 2004

FINANCIAL SECTION

Basic Financial Statements

TOWNSHIP OF WILSON
COMBINED BALANCE SHEETS
ALL FUND TYPES AND ACCOUNT GROUPS
MARCH 31, 2004

=====

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>
<u>ASSETS</u>			
Cash in bank	\$ 4,324	\$	\$ 10,990
Cash in bank-restricted	10,393		
Investments	565,624	49,439	
Due from other funds	206		
Special assessments receivable:			
Current			8,283
Delinquent			1,183
Deferred			80,737
Fixed assets			
Amount to be provided for retirement of long-term debt			
TOTAL ASSETS	<u>\$580,547</u>	<u>\$ 49,439</u>	<u>\$ 101,193</u>
<u>LIABILITIES & FUND EQUITY</u>			
LIABILITIES:			
Accounts payable	\$ 15,062	\$	\$
Accrued liabilities	1,578		
Due to other funds			
Deferred revenues			80,737
Bonds payable-current			
Bonds payable-long term			
TOTAL LIABILITIES	<u>16,640</u>		<u>80,737</u>
FUND EQUITY:			
Investment in general fixed assets			
Fund balance:			
Reserved for restricted purposes	10,393		
Reserved for debt service			20,456
Unreserved	<u>553,514</u>	<u>49,439</u>	
TOTAL FUND EQUITY	<u>563,907</u>	<u>49,439</u>	<u>20,456</u>
TOTAL LIABILITIES & FUND EQUITY	<u>\$580,547</u>	<u>\$ 49,439</u>	<u>\$ 101,193</u>

See notes to financial statements

<u>Fiduciary Fund Type</u>	<u>Account Groups</u>		<u>Totals (Memorandum only)</u>
<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Debt</u>	<u>March 31, 2004</u>
\$ 206	\$	\$	\$ 15,520
			10,393
			615,063
			206
			8,283
			1,183
			80,737
	125,986		125,986
		70,000	70,000
<u>\$ 206</u>	<u>\$ 125,986</u>	<u>\$ 70,000</u>	<u>\$ 927,371</u>
 \$	 \$	 \$	 \$ 15,062
206			1,578
			206
			80,737
		7,000	7,000
		63,000	63,000
<u>206</u>		<u>70,000</u>	<u>167,583</u>
	125,986		125,986
			10,393
			20,456
			602,953
	125,986		759,788
<u>\$ 206</u>	<u>\$ 125,986</u>	<u>\$ 70,000</u>	<u>\$ 927,371</u>

TOWNSHIP OF WILSON
**COMBINED STATEMENTS OF REVENUE, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED MARCH 31, 2004**
 =====

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>
REVENUES:			
Taxes	\$ 48,249	\$ 87,301	\$ 9,466
Licenses & permits	4,945		
State grants	149,364	948	
Charges for services	18,119		
Interest & rents	5,090		
Other	<u>1,457</u>		
TOTAL REVENUES	<u>227,224</u>	<u>88,249</u>	<u>9,466</u>
EXPENDITURES:			
Current:			
Legislative	25,935		
General government	55,797		
Public safety	37,190	35,887	
Public works	16,656	43,650	
Health & welfare	148	10,873	
Culture & recreation	5,969		
Debt service:			
Principal			7,000
Interest and charges			<u>6,294</u>
TOTAL EXPENDITURES	<u>141,695</u>	<u>90,410</u>	<u>13,294</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	85,529	(2,161)	(3,828)
FUND BALANCE, beginning	<u>478,378</u>	<u>51,600</u>	<u>24,284</u>
FUND BALANCE, ending	<u>\$ 563,907</u>	<u>\$ 49,439</u>	<u>\$ 20,456</u>

See notes to financial statements

Totals
(Memorandum
only)
March 31,
2004

\$ 145,016
4,945
150,312
18,119
5,090
1,457

324,939

25,935
55,797
73,077
60,306
11,021
5,969

7,000
6,294

245,399

79,540

554,262

\$ 633,802

TOWNSHIP OF WILSON
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL, SPECIAL
 REVENUE AND DEBT SERVICE FUNDS**
 FOR THE YEAR ENDED MARCH 31, 2004

=====

	General Fund		
	Original Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Taxes	\$ 42,900	\$ 48,249	\$ 5,349
Licenses & permits	4,500	4,945	445
State grants	150,000	149,364	(636)
Charges for services	12,250	18,119	5,869
Interest & rents	5,000	5,090	90
Other	<u>2,500</u>	<u>1,457</u>	<u>(1,043)</u>
TOTAL REVENUES	<u>217,150</u>	<u>227,224</u>	<u>10,074</u>
EXPENDITURES:			
Current:			
Legislative	36,600	25,935	10,665
General government	71,840	55,797	16,043
Public safety	37,770	37,190	580
Public works	23,740	16,656	7,084
Health & welfare		148	(148)
Culture & recreation	8,050	5,969	2,081
Debt service	<u> </u>	<u> </u>	<u> </u>
TOTAL EXPENDITURES	<u>178,000</u>	<u>141,695</u>	<u>36,305</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	39,150	85,529	46,379
FUND BALANCE, beginning	<u> </u>	<u>478,378</u>	<u>478,378</u>
FUND BALANCE, ending	<u>\$ 39,150</u>	<u>\$ 563,907</u>	<u>\$ 524,757</u>

See notes to financial statements

<u>Special Revenue Funds</u>		
<u>Original</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
\$ 85,800	\$ 87,301	\$ 1,501
920	948	28
<u>86,720</u>	<u>88,249</u>	<u>1,529</u>
30,330	35,887	(5,557)
43,650	43,650	
13,248	10,873	2,375
<u>87,228</u>	<u>90,410</u>	<u>(3,182)</u>
(508)	(2,161)	(1,653)
<u>51,600</u>	<u>51,600</u>	
<u>\$ (508)</u>	<u>\$ 49,439</u>	<u>\$ 49,947</u>

TOWNSHIP OF WILSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004
=====

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Introduction

The Township of Wilson (Township) complies with Generally Accepted Accounting Principles (GAAP). The Township's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this Note. The remainder of the Notes are organized to provide explanations, including required disclosures, of the Township's financial activities for the fiscal year ended March 31, 2004.

B. Reporting Entity

The Township of Wilson operates under a Board-Supervisor form of government and provides services to its 2,022 residents in many areas including public safety, street development, sanitation, recreational programs and general administrative services.

In evaluating how to define the Township for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in NCGA Statement 3. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the Township's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the Township and/or its citizens, or whether the activity is conducted within the geographic boundaries of the Township and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the

TOWNSHIP OF WILSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004
(Continued)

=====

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Reporting Entity - Continued

Township is able to exercise oversight responsibilities. Based upon the application of these criteria, the financial statements of certain other governmental organizations are not included in these financial statements.

C. Funds and Account Groups

The accounts of the Township are organized on the basis of funds and account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts which are comprised of each fund's assets, liabilities, fund balance and revenues and expenditures or expenses, as appropriate.

Government resources are allocated to and for individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into two broad fund type categories and four funds as follows:

Governmental Fund Types

These funds are those through which most governmental functions typically are financed. The focus of Governmental Fund measurement is upon determination of financial position and changes in financial position (sources, uses and balances of the financial resources) rather than upon net income. The following is a description of the Governmental Fund Types of the Township:

General Fund

The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund. Revenues are derived primarily from property taxes, State distributions and grants, and other intergovernmental revenues.

TOWNSHIP OF WILSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004
(Continued)

=====

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Funds and Account Groups - Continued

Governmental Fund Types - Continued

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes. The Liquor Control Commission (LCC), Road, and Fire & Ambulance Funds are the Township's Special Revenue Funds.

Debt Service Fund

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Fiduciary Fund Type

Trust and Agency Funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The Township has one Fiduciary Fund as follows:

Agency Funds

Agency Funds are purely custodial in nature (assets equal liabilities) and thus, do not involve measurement of results of operations. The Township's Current Tax Collection is the only Agency Fund.

TOWNSHIP OF WILSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004
(Continued)

=====

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Funds and Account Groups - Continued

Account Groups

Account Groups are not funds; they do not reflect available financial resources and related liabilities, but are accounting records of the following:

General Fixed Assets Account Group

The General Fixed Assets Account Group is used to maintain control and cost information for all fixed assets other than those accounted for in the Proprietary and Non-Expendable Trust Funds.

General Long-Term Debt Account Group

The General Long-Term Debt Account Group is used to record the outstanding long-term obligations not otherwise recorded in Proprietary or Non-Expendable Trust Funds.

D. Total Columns (Memorandum Only)

Total columns on the combined statements are captioned "memorandum only" to indicate that they are presented only to aid in financial analysis. Interfund eliminations have not been made in the aggregation of this data; and it is, therefore, not comparable to a consolidation.

E. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Modified Accrual

All Governmental Funds (General and Special Revenue Funds) are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, property taxes and other revenues are recorded when susceptible to accrual; i.e., both

TOWNSHIP OF WILSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004
(Continued)

=====

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. Basis of Accounting - Continued

Modified Accrual - Continued

measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

Taxpayer-assessed income, gross receipts and sales taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seem certain.

F. Budgets

Annual operating budgets are adopted by the Township Board for the General and Special Revenue Funds in accordance with Public Act 621 of 1978. The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

a. Prior to March 1st, the Township Clerk submits to the Township Board, a proposed operating budget for the fiscal Year commencing the following April 1st. The operating budget includes proposed expenditures and the means of financing them for the General and Special Revenue Funds.

b. Public hearings are conducted to obtain taxpayer comments.

c. Prior to April 1st, the budget is legally enacted through passage of a resolution.

d. Formal budgetary integration is employed as a management control device during the year for all budgetary funds.

e. Budget appropriations lapse at year end.

f. Budgets are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted, or as amended by the Township Board.

TOWNSHIP OF WILSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004
(Continued)

=====

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

G. Encumbrance System

The Township does not use an encumbrance system.

H. Assets and Liabilities

1. Cash and investments

Michigan Compiled Laws, Section 129.91, authorizes the Township of Wilson to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States in which the principal and interest is fully guaranteed by the United States, including securities issued or guaranteed by the Government National Mortgage Association; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the three highest classifications, which mature not more than 270 days after the date of purchase, and which involve no more than 50 percent of any one fund; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Township Board has designated two banks for the deposit of Township funds.

The Township's deposits and investments are in accordance with statutory authority.

TOWNSHIP OF WILSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004
(Continued)

=====

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

H. Assets and Liabilities - Continued

2. Inventories

Inventories in governmental funds consist of expendable supplies held for consumption stated on a first-in, first-out basis. They are reported at cost which is recorded as an expenditure at the time individual inventory items are used. Proprietary fund inventories are not recorded.

3. Fixed Assets and Depreciation

Property, plant, and equipment of all funds are stated at historical cost. Donated fixed assets are stated at their fair market value on the date donated. Governmental fund fixed assets are recorded in the General Fixed Asset Account Group and are not depreciated.

4. Capitalized Interest

Generally accepted accounting principles require that interest expenditures incurred during construction of assets be capitalized. They are capitalized only to the extent that interest cost exceeds interest earned on related interest bearing investments. The Township did not capitalize interest on fixed assets in the current fiscal year.

I. Allowance for Doubtful Accounts

The Township does not use an allowance for doubtful accounts.

J. Accrued Vacation and Sick Leave

The Township does not maintain a policy providing sick and vacation benefits for its employees.

K. Fund Balance Reserve

The Fund Balance Reserve reflects an offset for restricted cash. Under the modified accrual basis of accounting, when restricted cash are reported in the financial statements, they are to be equally offset by a fund balance reserve account. This indicates that even though restricted cash and prepaid expenses are components of net current assets, they do not represent "available spendable resources". The fund balance reserve indicates that the

TOWNSHIP OF WILSON
NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2004
 (Continued)

=====

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

K. Fund Balance Reserve - Continued

restricted cash, reported on the financial statements, are designated for a specific uses and, therefore, are not "available spendable resources". The Township's reserve consists of cash restricted for the operation and maintenance of a privately owned public sewer system, if the owners' association should fail to do so.

NOTE 2: EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

P.A. 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's actual expenditures and budget expenditures for the budgetary funds have been shown on a functional basis.

During the year ended March 31, 2004, the Township incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

<u>Fund</u>	<u>* Total Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
General Fund:			
General Government:			
Assessor	\$ 17,850	\$ 20,081	\$(2,231)
Public Safety:			
Zoning Administrator	14,890	14,928	(38)
Planner	14,550	15,474	(924)
Health & Welfare:			
Liquor Control costs		148	(148)
Special Revenue Fund:			
Public Safety:			
Fire costs	30,330	35,887	(5,557)

* Amended Budget

TOWNSHIP OF WILSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004
(Continued)

=====

NOTE 3: DETAILED NOTES ON FUNDS AND ACCOUNT GROUPS

A. Assets

1. Cash and Investments

The Township is authorized to invest in certificates of deposit, money-market funds, United States government securities, and repurchase agreements fully collateralized by United States government securities.

The Township's investments are categorized below to give an indication of the level of risk assumed by the entity at year end.

Category 1: Includes deposits that are insured, registered, or for which the collateral securities are held by the Township or its agent in the Township's name. This includes FDIC or equivalent insurance coverage.

Category 2: Includes deposits for which the collateral securities are held by the dealer's trust department or agent in the Township's name.

Category 3: Includes all uninsured and uncollateralized deposits.

For all deposits shown below, the market value at the balance sheet date is substantially the same as the carrying value. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit. At various times during the year, the Township's deposits may have been higher than the March 31, 2004, balances detailed below. This means that the Township's risk and exposure could have been higher at these times. The Township had no significant type of deposits during the year not included below.

TOWNSHIP OF WILSON
NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2004
 (Continued)

=====

NOTE 3: DETAILED NOTES ON FUNDS AND ACCOUNT GROUPS - Continued

A. Assets - continued

1. Cash and Investments - continued

<u>Depository</u>	<u>Depository Balances by Category</u>				<u>Carrying Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Total</u>	
Bank One	\$18,819	\$	\$	\$ 18,819	\$ 4,530
Citizens Bank	10,990			10,990	10,990
Bank One Municipal Investment Services		625,455		625,455	625,456
Total Deposits	<u>\$29,809</u>	<u>\$625,455</u>	<u>\$</u>	<u>\$655,264</u>	<u>\$ 640,976</u>

Reconciliation to Cash on Balance Sheet

Cash	\$ 630,583
Restricted cash	<u>10,393</u>
Total	<u>\$ 640,976</u>

2. Restricted Assets

In accordance with Act 451, the Township has entered into an agreement to assume responsibility for the operation and maintenance of a privately owned public sewer system, if the owners' association should fail to do so. Cash totaling \$10,393 has been restricted for this purpose.

3. Property Taxes Receivable and Property Tax Calendar

	<u>Mills</u>	<u>Adjusted Levy</u>	<u>Collections</u>	<u>Delinquent</u>
Township-General	.9398	\$ 42,971	\$ 37,451	\$ 5,520
Township-Road	.9573	43,771	37,451	6,320
Township-Fire & Ambulance	<u>.9573</u>	<u>43,771</u>	<u>37,451</u>	<u>6,320</u>
	<u>2.8544</u>	<u>\$130,513</u>	<u>\$ 112,353</u>	<u>\$18,160</u>

TOWNSHIP OF WILSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004
(Continued)

=====

NOTE 3: DETAILED NOTES ON FUNDS AND ACCOUNT GROUPS - Continued

A. Assets

3. Property Taxes Receivable and Property Tax Calendar -
Continued

Property taxes are attached as an enforceable lien on property as of December 1st. Taxes are levied December 1st and are due without penalty on or before March 1st. These tax bills include the Township's own property taxes and taxes billed on behalf of the County and School Districts within the Township boundaries. Real property taxes not collected as of March 1st are returned to Charlevoix County for collection, which advances the Township 100 percent for the delinquent taxes. Collection of delinquent personal property taxes remains the responsibility of the Township Treasurer.

The Township's Taxable Valuation is \$45,723,151.

The levy may vary due to S.E.V. adjustments ordered by the Michigan Tax Tribunal and/or individual Board of Review adjustments.

Property tax revenues are recognized in the fiscal year for which they have been levied and become available. Available means when due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay current period liabilities. The current period referred to here is a period of time not exceeding 60 days.

4. Property and Equipment

A summary of the changes in general fixed assets follows:

	<u>04/01/03</u> <u>Balance</u>	<u>Additions</u> <u>(Deletions)</u>	<u>03/31/04</u> <u>Balance</u>
Land & improvements	\$ 78,931	\$	\$ 78,931
Buildings & improvements	29,847		29,847
Equipment	<u>17,208</u>	<u> </u>	<u>17,208</u>
Total	<u>\$125,986</u>	<u>\$</u>	<u>\$125,986</u>

TOWNSHIP OF WILSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004
(Continued)
=====

NOTE 3: DETAILED NOTES ON FUNDS AND ACCOUNT GROUPS - Continued

B. Liabilities

1. Bonds Payable

Special assessment bonds and related interest costs are payable solely from assessments and interest collected from the property owners who benefit from respective improvements. The Township has no liability for payment of the bonds should the assessments be insufficient to cover bond principal and interest; however, due to the Township's oversight relationship with the Special Assessment District's, they are included in the Township's reporting entity as bonds payable.

The bond payments are made to Standard Federal Bank. The maturity date is April 1, 2014 with an interest rate of 7.375%. The payments are made semi-annually on April 1st and October 1st of each year.

A summary of changes is as follows:

Balance Due, beginning	\$ 77,000
Principal Paid, current period	<u>(7,000)</u>
Balance Due, ending	<u>\$ 70,000</u>

Specific detail and requirements of each Bond Issue are as follows:

Name of Issue Special Assessment Bond, 1999

Date of Issue February 2, 1999

Purpose For the construction of sewer line improvements.

Amount of Issue \$99,000.00

Interest Rate 7.375 Percent

Payment Provisions The bonds of this issue are to be paid from the revenues derived from the special assessments on affected property owners.

TOWNSHIP OF WILSON
NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2004
 (Continued)

=====

NOTE 3: DETAILED NOTES ON FUNDS AND ACCOUNT GROUPS - Continued

B. Liabilities - Continued

1. Bonds Payable (continued)

A summary of debt service payments to maturity is as follows:

<u>Year Ending</u> <u>3/31</u>	<u>Totals</u>
2005	\$ 12,163
2006	11,646
2007	11,130
2008	10,614
2009	10,098
Years beyond	<u>42,744</u>
	98,395
Less interest	<u>(28,395)</u>
Liability at 3/31/04	<u>\$ 70,000</u>

2. Note Payable - Tanker Truck

The Township five years ago, entered into an agreement to share in the cost of a new tanker for East Jordan. The Township's share was to be paid over five years. The Township made the final payment of \$11,936.36 on April 9, 2003.

These note payments are accounted for through the General Fund. Note information is as follows:

A summary of changes is as follows:

Balance Due, beginning	\$ 11,936
Note payments	<u>(11,936)</u>
Balance Due, ending	<u>\$ -</u>

TOWNSHIP OF WILSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004
(Continued)

=====

NOTE 3: DETAILED NOTES ON FUNDS AND ACCOUNT GROUPS - Continued

B. Liabilities - Continued

3. Risk management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical benefits provided to employees. The Township has purchased commercial insurance for medical benefits claims and participates in the Michigan Municipal League & Property Pool for claims relating to general liability, excess liability, auto liability, trunkline liability, errors and omissions, physical damage (equipment, buildings and contents) and workers compensation.

This policy complies with Act 294, P.A. 1972, as amended.

C. Interfund Transactions

Following is a description of the basic types of interfund transactions and the related accounting policy:

Transactions for services rendered or facilities provided; these transactions are recorded as revenue in the receiving fund and expenditures in the disbursing fund.

Transactions to transfer revenue or contributions from the fund budgeted to receive them to the fund budgeted to expend them; these transactions are recorded as transfers in and transfers out.

Interfund transactions are not eliminated for financial presentation purposes.

The Tax Collection Fund owes the General Fund \$206 as of March 31, 2004.

NOTE 4: PENSION PLAN

The Township does not provide a pension plan for its employees.

TOWNSHIP OF WILSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004
(Continued)

=====

NOTE 5: INDIVIDUAL FUNDS PRESENTATION

The General and Debt Service Funds are the only Township funds of their individual fund kind. Therefore, they are not presented in a combining statement in the supplemental data portion of this report.

NOTE 6: RELATED PARTY TRANSACTIONS

Nothing came to our attention during the audit effort that would warrant separate mention related to transactions between the Township and its employees and/or elected officials.

SUPPLEMENTARY DATA SECTION

Combining and Individual Fund Statements

TOWNSHIP OF WILSON
COMBINING BALANCE SHEETS
ALL SPECIAL REVENUE FUNDS
MARCH 31, 2004
=====

	<u>LCC</u>	<u>Road</u>	<u>Fire & Ambulance</u>	Totals (Memorandum only) <u>March 31, 2004</u>
<u>ASSETS</u>				
Investments	\$ _____	\$ _____	\$49,439	\$49,439
 TOTAL ASSETS	 \$ _____	 \$ _____	 \$49,439	 \$49,439
 <u>LIABILITIES & FUND BALANCE</u>				
LIABILITIES:				
Accounts payable	\$ _____	\$ _____	\$ _____	\$ _____
FUND BALANCE:				
Unreserved	_____	_____	49,439	49,439
 TOTAL LIABILITIES AND FUND BALANCE	 \$ _____	 \$ _____	 \$49,439	 \$49,439

TOWNSHIP OF WILSON
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 ALL SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED MARCH 31, 2004
 =====

	<u>LCC</u>	<u>Road</u>	<u>Fire & Ambulance</u>	Totals (Memorandum only) <u>March 31, 2004</u>
REVENUES:				
Property taxes	\$	\$ 43,650	\$ 43,651	\$ 87,301
State grants	<u>948</u>	<u></u>	<u></u>	<u>948</u>
TOTAL REVENUES	<u>948</u>	<u>43,650</u>	<u>43,651</u>	<u>88,249</u>
EXPENDITURES:				
Public safety			35,887	35,887
Health and welfare	948		9,925	10,873
Streets and highways	<u></u>	<u>43,650</u>	<u></u>	<u>43,650</u>
TOTAL EXPENDITURES	<u>948</u>	<u>43,650</u>	<u>45,812</u>	<u>90,410</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES			(2,161)	(2,161)
FUND BALANCE, beginning	<u></u>	<u></u>	<u>51,600</u>	<u>51,600</u>
FUND BALANCE, ending	<u>\$</u>	<u>\$</u>	<u>\$ 49,439</u>	<u>\$ 49,439</u>

TOWNSHIP OF WILSON
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
 FOR THE YEAR ENDED MARCH 31, 2004
 =====

Tax Collection Fund

	Balance March 31, <u>2003</u>	<u>Additions</u>	<u>Deductions</u>	Balance March 31, <u>2004</u>
<u>ASSETS</u>				
Cash - checking	\$ <u>258</u>	<u>\$1,136,334</u>	<u>\$1,136,386</u>	<u>\$ 206</u>
<u>LIABILITIES</u>				
Due to general fund	\$ 258	\$ 56,927	\$ 56,979	\$ 206
Due to debt retirement fund		17,494	17,494	
Due to road fund		43,651	43,651	
Due to fire & ambulance fund		43,651	43,651	
Due to other governments		<u>974,611</u>	<u>974,611</u>	
	<u>\$ 258</u>	<u>\$1,136,334</u>	<u>\$1,136,386</u>	<u>\$ 206</u>

TOWNSHIP OF WILSON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
 FOR THE YEAR ENDED MARCH 31, 2004

=====

	<u>Original Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:			
Taxes	\$ 42,900	\$ 48,249	\$ 5,349
Licenses & permits	4,500	4,945	445
State grants	150,000	149,364	(636)
Charges for services	12,250	18,119	5,869
Interest & rents	5,000	5,090	90
Other	<u>2,500</u>	<u>1,457</u>	<u>(1,043)</u>
TOTAL REVENUES	<u>217,150</u>	<u>227,224</u>	<u>10,074</u>
 EXPENDITURES:			
Current:			
Legislative:			
Township Board:			
Trustees	3,500	3,476	
Web administrator		800	
ZOC wages	10,000	2,365	
Payroll taxes		4,285	
Office supplies/equip.	4,200	5,505	
Audit		480	
Legal	3,500	3,183	
Dues & memberships	900	1,119	
Telephone	800	462	
Travel	200	75	
Public notices	4,400	1,710	
Insurance & bonds	5,500	1,354	
Education & training	500	450	
Miscellaneous	<u>3,100</u>	<u>671</u>	
Total Township Board	<u>36,600</u>	<u>25,935</u>	<u>10,665</u>
Total Legislative	<u>36,600</u>	<u>25,935</u>	<u>10,665</u>

TOWNSHIP OF WILSON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
 FOR THE YEAR ENDED MARCH 31, 2004
 (Continued)

=====

	<u>Original Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES - Continued:			
Current:			
General Government:			
Supervisor:			
Wages	7,250	7,250	
Office supplies	250	154	
Travel	200	153	
Education	500		
Other	<u>50</u>		
Total supervisor	<u>8,250</u>	<u>7,557</u>	<u>693</u>
Elections:			
Office supplies	200	295	
Education & training	<u>300</u>	<u>80</u>	
Total elections	<u>500</u>	<u>375</u>	<u>125</u>
Assessor:			
Contract	16,000	16,332	
Office supplies	1,000	2,450	
Tax roll/maps	600	1,299	
Other	<u>250</u>		
Total assessor	<u>17,850</u>	<u>20,081</u>	<u>(2,231)</u>
Clerk:			
Wages	8,350	8,650	
Assistant clerk	2,070	649	
Office supplies/equip.	1,000	1,071	
Public notices	300		
Telephone	800	686	
Travel	600	43	
Education	1,500	65	
Other	<u>200</u>	<u>52</u>	
Total clerk	<u>14,820</u>	<u>11,216</u>	<u>3,604</u>

TOWNSHIP OF WILSON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
 FOR THE YEAR ENDED MARCH 31, 2004
 (Continued)

	<u>Original Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES - Continued:			
Current:			
General Government			
(continued):			
Board of Review:			
Wages	1,300	865	
Office supplies	100		
Education	200		
Other	<u>100</u>	<u>56</u>	
Board of review	<u>1,700</u>	<u>921</u>	<u>779</u>
Treasurer:			
Wages	10,720	10,702	
Office supplies/equip.	1,600	1,915	
Printing tax bills	1,000	(918)	
Telephone	300	401	
Travel	200	18	
Education	100		
Other	<u>100</u>		
Total treasurer	<u>14,020</u>	<u>12,118</u>	<u>1,902</u>
Township Hall:			
Wages	1,000	1,308	
Contract costs		281	
Office supplies	300		
Maintenance materials	700	86	
Electric	900	555	
Gas	1,300	611	
Improvements	<u>3,000</u>	<u>688</u>	
Township hall	<u>7,200</u>	<u>3,529</u>	<u>3,671</u>
Cemetery:			
Contract costs	1,500		
Other	<u>6,000</u>		
Total cemetery	<u>7,500</u>		<u>7,500</u>
Total General Government	<u>71,840</u>	<u>55,797</u>	<u>16,043</u>

TOWNSHIP OF WILSON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
 FOR THE YEAR ENDED MARCH 31, 2004
 (Continued)

	<u>Original Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES - Continued:			
Current:			
Public Safety:			
Zoning Administrator:			
Wages	6,390	10,640	
Office supplies/equip.	3,250	3,683	
Travel	200	74	
Telephone	300	268	
Lot splits		18	
Education & training	<u>500</u>	<u>245</u>	
Total zoning administrator	<u>10,640</u>	<u>14,928</u>	<u>(4,288)</u>
Planning Commission:			
Wages	5,580	3,755	
Office supplies	100	7	
Travel	100	75	
Education & training	<u>800</u>		
Total planning commission	<u>6,580</u>	<u>3,837</u>	<u>2,743</u>
Zoning Board of Appeals:			
Wages	5,400	2,951	
Office supplies	100		
Travel	100		
Education/training	<u>400</u>		
Total zoning board of appeals	<u>6,000</u>	<u>2,951</u>	<u>3,049</u>
Planner:			
Contract	13,350	12,945	
Other wages/meetings	900	1,820	
Office supplies	300	696	
Other	<u></u>	<u>13</u>	
Total planner	<u>14,550</u>	<u>15,474</u>	<u>(924)</u>
Total Public Safety	<u>37,770</u>	<u>37,190</u>	<u>580</u>

TOWNSHIP OF WILSON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
 FOR THE YEAR ENDED MARCH 31, 2004
 (Continued)

	<u>Original Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
=====			
EXPENDITURES - Continued:			
Current:			
Public Works:			
Roads	14,940	8,086	6,854
Fall cleanup costs	<u>8,800</u>	<u>8,570</u>	<u>230</u>
Total Public Works	<u>23,740</u>	<u>16,656</u>	<u>7,084</u>
Health & Welfare:			
Liquor Control Costs:			
Wages		92	
Travel		<u>56</u>	
Total health & welfare		<u>148</u>	<u>(148)</u>
Culture & Recreation:			
Parks:			
Wages	1,300	4,034	
Office supplies	50	18	
Contract costs	4,000	500	
Improvements	2,000	668	
Maintenance materials	<u>700</u>	<u>749</u>	
Total culture & recreation	<u>8,050</u>	<u>5,969</u>	<u>2,081</u>
TOTAL EXPENDITURES	<u>178,000</u>	<u>141,695</u>	<u>36,305</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 39,150	 85,529	 46,379
 FUND BALANCE, beginning	 <u> </u>	 <u>478,378</u>	 <u>478,378</u>
 FUND BALANCE, ending	 <u>\$ 39,150</u>	 <u>\$563,907</u>	 <u>\$ 524,757</u>

TOWNSHIP OF WILSON
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 LIQUOR CONTROL COMMISSION FUND
 FOR THE YEAR ENDED MARCH 31, 2004
 =====

	<u>Original Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:			
State grants	\$ 920	\$ 948	\$ 28
EXPENDITURES:			
Health & Welfare:			
Wages	<u>948</u>	<u>948</u>	<u> </u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (28)</u>		<u>\$ 28</u>
FUND BALANCE, beginning		<u> </u>	
FUND BALANCE, ending		<u>\$ <u> </u></u>	

TOWNSHIP OF WILSON
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 ROAD FUND
 FOR THE YEAR ENDED MARCH 31, 2004
 =====

	Original Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Property taxes	\$ 42,900	\$ 43,650	\$ 750
EXPENDITURES:			
Public Works:			
Brining	23,000	14,710	
Graveling	20,550	23,374	
Other	<u>100</u>	<u>5,566</u>	
TOTAL EXPENDITURES	<u>43,650</u>	<u>43,650</u>	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (750)</u>		<u>\$ 750</u>
FUND BALANCE, beginning		_____	
FUND BALANCE, ending		<u>\$ _____</u>	

TOWNSHIP OF WILSON
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FIRE & AMBULANCE FUND
 FOR THE YEAR ENDED MARCH 31, 2004

=====

	<u>Original Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:			
Property taxes	\$ 42,900	\$ 43,651	\$ 751
EXPENDITURES:			
Public Safety:			
Boyne City Fire	21,830	20,675	
East Jordan Fire	<u>8,500</u>	<u>15,212</u>	
Total public safety	<u>30,330</u>	<u>35,887</u>	<u>(5,557)</u>
Health & Welfare:			
Boyne City Ambulance	2,500	2,925	
East Jordan Ambulance	3,800	7,000	
Other expenditures	<u>6,000</u>		
Total health & welfare	<u>12,300</u>	<u>9,925</u>	<u>2,375</u>
TOTAL EXPENDITURES	<u>42,630</u>	<u>45,812</u>	<u>(3,182)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 270</u>	(2,161)	<u>\$ (2,431)</u>
FUND BALANCE, beginning		<u>51,600</u>	
FUND BALANCE, ending		<u>\$ 49,439</u>	

COMMENTS AND RECOMMENDATIONS

Members of the Township Board
Township of Wilson
Charlevoix County, Michigan

Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The following comments are based on observations made during the course of our examination for the year ended March 31, 2004.

Investment Policy

The Township is required to adopt an Investment Policy. There may have been one adopted in prior years, but a copy of it was not available. If the Township cannot find the original resolution, another Investment Policy should be adopted and kept on file.

This letter supplements the information in the General Purpose Financial Statements and Notes to Financial Statements. It is intended solely for the use of management and should not be used for any other purpose.

Barry E. Gaudette, CPA, P.C.

August 16, 2004